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TO: Colonel Sheffield Edwards 7 July 1947
Executive for Inspection and
Security.

THRU: [REDACTED]

FROM: [REDACTED] --Liaison Office

SUBJECT: Recommendations Regarding Security Functions

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During the past year, the activities of the Security Office have changed frequently, and many revisions have been made with a view toward improving the security of the organization. However, there are a number of changes which it is believed would increase the effectiveness of our security operations.

In this regard, it is believed that regular discussions are necessary in order that each section of the office will know the relationship of its functions to the other. Frequently, situations arise in which Liaison personnel, in contacting other agencies, come across information which will have a direct effect upon our operations. It is believed that, if weekly discussions are held, these matters could be thoroughly reviewed, and improvements would result. For example, it was revealed that the State Department was holding up two or three hundred cases because of the impossibility of checking the records of the Passport Division. At first, it was not deemed advisable to secure the State Department's results minus the Passport check, but after some discussion this plan was agreed upon. Also, it is believed that there should be regular meetings within each office in order that all of the personnel may be encouraged to make suggestions for the improvement and streamlining of their work.

This plan would result in the A, B, C Conference Method and is believed to be more desirable than the method of reaching a conclusion on a particular point, and putting it into effect without the benefit of the experience of the people who are directly concerned with that particular operation.

A number of the suggestions set forth below have been proposed and discussed somewhat in the past. However, it is believed that they are worthy of a comprehensive study and full discussion at the present time in order that a conclusion be reached as to their desirability.

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CONFIDENTIAL

CONFIDENTIAL

- 2 -

1. The House Committee on Un-American Activities has accumulated a vast amount of material regarding individuals and organizations of a questionable or subversive nature, particularly in connection with Communist activity. Agencies of the government, practically without exception, avail themselves of the information contained in these files, and the writer established relations sometime ago with the Committee, obtaining permission for this agency to search their files. It is believed that considerable embarrassment would result if a case came to light on which we failed to check the files of this organization when they contained information which would materially effect the person's suitability or loyalty. It is pointed out that the State Department has recently been subjected to a great deal of criticism by Congress, much of it growing out of information furnished by this House Committee.

2. It is recommended that a careful review of each case be made upon its receipt in order to determine what is necessary to grant security clearance. The desirability of this practice has been frequently demonstrated by the fact that even after a case has been subjected to a full investigation by the FBI, additional work has been necessary upon its return; whereas, by review of the file, upon its receipt, the desired information could have been immediately obtained. In this connection, it is pointed out that the Liaison Branch maintains relations with the following organizations:

Immigration and Naturalization Service - Information is received by telephone and teletype from Philadelphia within twenty-four hours.

Adjutant General's Office, War Department - Information is received on former military and civilian personnel of the War Department from St. Louis within twenty-four hours.

In addition, the entire files of active officers in the Army may be obtained within a matter of hours from the AGO, War Department.

Police and Credit.

Naval Personnel.

Records of schools, hospitals, courts, etc.

We also have access to the files of all government agencies, except those of the Intelligence

CONFIDENTIAL

CONFIDENTIAL

- 3 -

3. For many years, the Civil Service Commission has been charged with the responsibility for investigating Federal employees to determine their loyalty and suitability. There are available sources of information at the Civil Service Commission, such as the Examining Division records, Service records, Retirement Division records, Medical records, etc., but the most valuable from our standpoint appear to be the following:

a. Complete reports of investigation made on many of our applicants, which may be personally reviewed and a comprehensive summary prepared from the file. These investigations were frequently made at a time when witnesses and records were available which are now impossible to obtain. For the most part, we are completely ignoring this valuable source of information, with the result that in some instances there must certainly be cases on which there is derogatory information available which we are not securing.

b. In connection with this investigative program, the Civil Service Commission, through its nine hundred investigators throughout the United States and the possessions, amassed a considerable amount of information regarding individuals and organizations engaged in subversive activity. This information is particularly pertinent to our work inasmuch as the Commission's interest was in applicants and employees of the Federal service. We are, only in very rare instances, exploiting this source at the Commission.

4. Up until a month or two ago, Liaison was making the determination as to whether or not applicants for employment with CIG had been previously investigated by other Federal agencies, and, in such cases, was making a review of these reports. Although this practice has been discontinued, it is believed that the same arguments for its revival are true as set forth in 3-a above, regarding the Civil Service Commission. Since the FBI does not make such a review, it appears incumbent upon us to avoid any question which might arise from the fact that there is questionable or derogatory information just waiting to be reviewed. It is pointed

CONFIDENTIAL

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- 4 -

out that a review of an entire investigative report may be obtained in a few hours whereas weeks and months, and considerable expenditure of funds are necessary in order to make the investigation.

5. Directly related to the points set forth immediately above is a question which has been proposed and considered often in the past, namely that when it is revealed that another agency has recently completed an investigation, the case then be turned over to a staff within the office for completion. The desirability of following this procedure has been frequently emphasized, particularly in recent cases where it was revealed that former O.S.S. employees, now with the State Department, were investigated within the past year by the latter department, or those cases where it was revealed that the FBI had recently completed investigations on AEC personnel who were to be employed by CIG. All that is ordinarily required in order to grant security approval in these cases is to:

- a. obtain a four-way check
- b. check police and credit records
- c. make neighborhood inquiries, and
- d. review personnel file.

The only function which is not handled by this office is that of making neighborhood inquiries, and the personnel assigned to Liaison have all had much experience, not only in making neighborhood inquiries, but in handling all phases of comprehensive investigations. With the institution of the program suggested, many cases could be rated within a few days time, with a great saving of money.

6. Sometime ago, the Chief of the Security Division had ~~XXXX~~ directed that in all cases reviews of files with representatives of other intelligence agencies should be made by the Liaison Office. Up to the present time, while much of this work is being handled as directed, there are representatives of other agencies who continue to maintain their contacts with persons in S.O. Security. This is particularly true of the State Department and the FBI. With the recent reorganization, it is believed that this problem will be eliminated through the merging of the files. However, it might be well to have this point clearly defined.

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CONFIDENTIAL

Approved For Release 2002/06/26 : CIA-RDP78-04007A000400020063-7

- 5 -

In this regard, it is pointed out that the FBI continues to widen its contacts within CIG through its Liaison representative, Mr. Dougherty. At the present time, Mr. Dougherty has access not only to this office, but also to various branches of S.O. In addition, he has recently added to his itinerary a visit to the Contacts Branch, placing him in a position of knowledge regarding the activities of this organization which is in all probability equaled by few people in CIG.

It is recommended that consideration be given to the thought that it might be well to have Mr. Dougherty's contacts limited within the organization in the same manner that the FBI limits the Liaison activities of other agencies in the FBI. This would provide for a flow of material to Mr. Dougherty and return through one or more offices, rather than permit him to wander about the organization with little restriction.

7. It is believed that one of the prime responsibilities of a security office is that of making all of the personnel security-conscious. It is believed that up to the present time there has been little done in this regard. Recently, the State Department required that all of its personnel attend a series of security lectures and films stressing the need, not only for locking safes and windows, but a clear understanding of what security means. It is felt that all personnel within the agency should be constantly mindful of any incidents or activities which have a bearing on security. To illustrate, it is pointed out that there are many individuals who have transferred from OSS to the State Department, who have since been terminated by the latter organization because of the question of loyalty to the United States. There are also members of this organization who are being terminated for this same reason. It is believed that, over a period of years, the coworkers and supervisors of these individuals should become aware of this disaffection.

It is recommended that a strong program be instituted with a view to selling security to the personnel of the organization, and that the employees be encouraged to forward to Security information which they believe to be of interest to us.

Approved For Release 2002/06/26 : CIA-RDP78-04007A000400020063-7

CONFIDENTIAL

CONFIDENTIAL

- 6 -

8. A number of cases have arisen where it has been revealed that persons of other agencies who have received reports from CIG are not given the same high type of security clearance which we require. It may be found desirable to make some inquiries into the clearances granted to persons and offices which receive highly classified documents from CIG.

9. At the present time, the Liaison Office is continuing to review all publications received and analyze them for material to be put into the Reference file. This has been the practice since the first publications were ordered by the writer last December.

It is believed that the present method of handling our Reference Index is highly undesirable in that the files are being maintained by clerical personnel who have little or no intelligence background, and the referencing is being done by persons whose primary duties do not permit an adequate amount of time to be devoted to this project.

The most important basis of an effective investigative organization is its intelligence files. If a reference file is to be maintained, it is believed that it must be as comprehensive as possible for it to be at all effective. Ours is not. There is a great deal of information which is available to us, which we are ignoring, and it does not appear that an individual without a comprehensive knowledge of Communist activities, organizations and ideology can presume to establish and maintain the type of file which is necessary.

For example, the House Committee on Un-American Activities is carrying on a very intensive campaign at the present moment with regard to Communists in government, and it is believed that someone who can speak the language of [redacted], Director of Research, and [redacted] should be assigned to keep this organization informed as to what is transpiring. Further, such organizations as the Chamber of Commerce, Counterintelligence Corps, State Department, and others, are constantly preparing material and securing information which is of vital interest to such a program. It would

25X1A
25X1A**CONFIDENTIAL**

CONFIDENTIAL

Approved For Release 2002/06/26 : CIA-RDP78-04007A000400020063-7

- 7 -

be futile to assign a person to these contacts unless he was adequately informed on these matters. It is not believed that such a person can be readily obtained. It appears to be a fact that within the Security Office itself there is a great need for a program of education on the subject of Communist activity, with which we constantly deal. Our personnel should not only possess knowledge regarding the current Communist Party Line in organizations, but should have background information regarding the past activities of the Communist Party and its affiliates, as well as those organizations and individuals opposed to Communism.

It does not appear that the Reference Index has made any attempt to characterize, in a comprehensive way, Communist front organizations, those infiltrated or slightly tinted, organizations which are neutral, or those which are opposed to Communism. It is felt that it is just as important to be accurate in our appraisals so that we do not take unjust action against an innocent Subject, as to determine the beliefs of a person who is disloyal.

With regard to further information available which would be of interest to an effective Reference Index, it is pointed out that the State Department recently completed investigations on twenty-four individuals whose loyalty was of sufficient question to cause their dismissal. The Secretary of State commented that these individuals were shown to have had relations with representatives of another government. It would appear likely that some of these people had been employed by O.S.S., and later transferred to the State Department. It would appear desirable to review each of these files for the purpose of entering the names of friends, associates and witnesses in our Reference Index, and also to determine whether or not any individuals who recommended these persons are presently employed with CIG. It is believed that this practice should be instituted and followed in all cases of this nature which arise.

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